

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Behavioral Health	(2) MEETING DATE 7/12/2016	(3) CONTACT/PHONE Amy Olson, ASO II, 781-4729	
(4) SUBJECT Request to approve five FY 2016-17 renewal contracts, with the option to renew for two additional years, with five Institute for Mental Disease (IMD) facilities in the cumulative amount not to exceed \$1,350,270 to provide residential and intensive mental health services in locked facilities to adults who cannot care for themselves due to their mental illness. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board approve five FY 2016-17 renewal contracts with Beverly Health and Rehabilitation Services, Inc., dba Golden Living-San Jose, Crestwood Behavioral Health, Inc., CF Merced Behavioral, LLC, dba Merced Behavioral Health Center, Sunbridge Healthcare Corporation dba Sierra Vista Rehabilitation Center, and 7 th Avenue Center, LLC, in the cumulative amount not to exceed \$1,350,270 to provide residential and intensive mental health services in locked or secure facilities to adults who cannot care for themselves due to their mental illness.			
(6) FUNDING SOURCE(S) Realignment, Managed Care and General Fund	(7) CURRENT YEAR FINANCIAL IMPACT \$1,350,270.00	(8) ANNUAL FINANCIAL IMPACT \$1,350,270.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input type="checkbox"/> Board Business (Time Est. ____)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) 19001674		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>07/08/2014</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Morgan Torell			
(18) SUPERVISOR DISTRICT(S) All Districts			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Jeff Hamm, Health Agency Director
Anne Robin, MFT, Behavioral Health Administrator

DATE: 7/12/2016

SUBJECT: Request to approve five FY 2016-17 renewal contracts, with the option to renew for two additional years, with five Institute for Mental Disease (IMD) facilities in the cumulative amount not to exceed \$1,350,270 to provide residential and intensive mental health services in locked facilities to adults who cannot care for themselves due to their mental illness. All Districts.

RECOMMENDATION

It is recommended that the Board approve five FY 2016-17 renewal contracts with Beverly Health and Rehabilitation Services, Inc., dba Golden Living-San Jose, Crestwood Behavioral Health, Inc., CF Merced Behavioral, LLC, dba Merced Behavioral Health Center, Sunbridge Healthcare Corporation dba Sierra Vista Rehabilitation Center, and 7th Avenue Center, LLC, in the cumulative amount not to exceed \$1,350,270 to provide residential and intensive mental health services in locked or secure facilities to adults who cannot care for themselves due to their mental illness.

DISCUSSION

The Health Agency's Behavioral Health Department contracts with various residential placement providers within a wide range of adult residential services, providing the appropriate level of care to seriously mentally ill individuals in need of residential placement. With the exception of State hospitals and other acute care hospitals, Mental Health Rehabilitation/Institutions for Mental Disease (IMD) facilities offer the most intensive level of care in the residential care continuum. IMDs are locked residential facilities that are primarily engaged in providing intensive care of persons with severe mental illness, which includes medical attention, nursing care, assessment, clinical treatment and other related services. Intensive services including psychiatrist coverage are offered 24 hours per day / 7 days per week.

Most clients placed in these facilities have not succeeded in outpatient settings and less restrictive residential placements. Often, IMD clients have been placed under conservatorship by the courts. Although the desired outcome is to move clients to the least restrictive level in which they can be successful, a certain percentage of the population with severe mental illness will, at any given time, need the level of treatment offered in an IMD setting. IMDs can include psychiatric hospitals, psychiatric health facilities (PHF) with over 16 beds, skilled nursing facilities with a certified special treatment program for the mentally ill (SNF-STP), and mental health rehabilitation centers (MHRC). Due to the severity of their symptoms, clients placed in IMDs are unable to live successfully in a less restrictive setting.

The Behavioral Health Department wishes to renew five contracts for IMD residential placements: Beverly Health and Rehabilitation Services, Inc., dba Golden Living-San Jose, Crestwood Behavioral Health, Inc., CF Merced Behavioral, LLC, dba Merced Behavioral Health Center, Sunbridge Healthcare Corporation dba Sierra Vista Rehabilitation Center, and 7th Avenue Center, LLC. The contract providers are licensed by the State Department of Health Services as skilled nursing facilities and Institution for Mental Disease with special treatment programs (SNF-STP) certified by the Department Health Care Services. Due to the lack of available IMD facilities in San Luis Obispo County, Behavioral Health utilizes the aforementioned contractors depending on bed availability. The IMD facilities for these five contracts are located in Santa Cruz County, Merced County, San Bernardino County, Kern County, and Santa Clara County.

As per contract Exhibit C.4., Option to Renew, this contract may be extended for two one-year periods upon Health Agency Director approval to exercise said option to renew for each one-year period. The Health Agency Director may also approve any changes pertaining to service(s), service level changes or rate changes as per contract Exhibit D.30, Delegation of Authority.

OTHER AGENCY INVOLVEMENT/IMPACT

County Counsel has reviewed the contracts as to form and legal effect.

FINANCIAL CONSIDERATIONS

The FY 2016-17 Behavioral Health Department approved budget includes \$1,350,270 (of which \$1,027,781 is funded with General Fund support) for Mental Health Rehabilitative/IMD services, which assumes an average of 17 clients for a total of 6,205 days at an average rate of \$218.00 per day. This represents a 24.5% increase, or \$265,296, for IMD services budgeted in FY 2016-17 (\$1,350,270) compared to \$1,084,974 budgeted for FY 2015-16, which assumed 14 clients for a total of 5,057 days at an average rate of \$214.54 per day. FY 2015-16 began with 15 clients in IMD facilities; however, this figure decreased during the fall to a low of 14 clients in October but steadily increased to a high of 16 by May 2016. When the FY 2016-17 budget was developed in December of 2015, there were 16 clients placed in IMD facilities. It is anticipated the FY 2016-17 budget for IMD facilities will be sufficient given current client status and anticipated fluctuations in client census.

The contracted rates for FY 2016-17 vary from \$191 to \$256 per day. The average daily rate for FY 2016-17 is \$221.13 and the average daily rate for FY 2015-16 was \$208.05. The increase is due to counties being required to pay IMD facilities an annual 4.7% cost-of-living adjustment, upon facility request, to cover the increased costs associated with service delivery as per Section 5912 of the Welfare & Institutions Code. Sierra Vista had kept their rates static since FY 2012-13 and requested the rate increase for FY 2016-17 as well as an additional increase to offset additional costs due to increased staffing, cost-of-living adjustments, and residential costs. Below are contracted rates dating back to FY 2013-14.

Facility	FY2013-2014	FY 2014-2015	FY 2015-2016	FY 2016-2017
	Rate	Rate	Rate	Rate
7th Ave	\$198.95	\$208.30	\$215.55	\$223.09
Golden Living	\$181.95	\$217.49	\$217.49	\$232.98
Crestwood*	\$228.00	\$236.00	\$244.00	\$253.00
Merced Behavioral	N/A	\$185.56	\$191.68	\$204.89
Sierra Vista	\$171.53	\$171.53	\$171.53	\$191.69
Average Rate	\$195.11	\$203.78	\$208.05	\$221.13

* Crestwood operates many different facilities at many different rates. This table includes the rates for the facility in which the County most often places clients.

The actual annual costs for IMD services vary depending on bed availability in each facility, the level of care and program needs for the clients, the number clients needing residential placement, and their length of stay. Each contract stipulates a maximum amount of \$1,350,270 but it is clear in each of the IMD contracts that the County only pays for actual bed days used. Setting each contract at the maximum amount allows the flexibility to move clients within each facility and add clients without amending their contract based on initial estimates. However, the total amount spent for all five contracts is expected to be within the \$1,350,270 budget.

The County is not able to claim federal reimbursement for services provided to individuals residing in IMDs. IMD reimbursable rates are set by the State, which provides funding for these services through State Realignment and State Managed Care monies. Actual IMD days and costs dating back to FY 2013-14 for each facility are presented in the table below.

Facility	FY2013-14 Actual		FY2014-15 Actual		FY2015-16 Estimated		FY2016-17 Budget	
	Avg. Clients	Cost	Avg. Clients	Cost	Avg. Clients	Cost	Avg. Clients	Cost
7th Ave	5	\$315,034	6	\$386,330	6	\$428,005	6	\$488,567
Golden Living	4	\$198,628	3	\$244,159	2	\$142,976	2	\$170,075
Crestwood	2	\$129,504	2	\$135,852	2	\$95,080	2	\$184,690
Sierra Vista*	0	\$0	0	\$0	0	\$0	1	\$58,229
Merced Behavioral	0	\$0	4	\$149,319	6	\$418,913	6	\$448,709
Total	11	\$643,166	15	\$915,660	16	\$1,084,974	17	\$1,350,270

*Sierra Vista caters to clients with criminal tendencies, of whom the County has not had to place in recent years.

Because IMD costs represent a substantial portion of the amount budgeted for all adult residential placements, a representative from the Public Guardian's office, Behavioral Health Fiscal department, and Behavioral Health case manager meet weekly and monitor all IMD placements closely to assure that they are appropriate and medically necessary. The representatives meet in order to monitor placements, identify barriers, and seek system improvements. The representatives assist the Behavioral Health Department in determining the best balance between cost efficiency and the appropriate placements for the effective treatment of its clients.

RESULTS

The primary objective, and indicator we track for IMD facilities, is if a client's mental health improves enough to be able to move to a less restrictive facility, such as a Board and Care facility. Clients in need of the high level of care an IMD setting provides are considered gravely disabled and are conserved by the Public Guardian's office, may not be able to care for themselves in any capacity, and/or may need assistance with medication compliance. Some IMD clients may require this high level of care throughout their lives due to the symptoms and functional impairment related to severe mental illness.

During FY 2015-16 there has been consistently high use of IMD facilities. While 12 clients were budgeted for 2015-16, at one point during the year as many as 16 clients were placed in IMD facilities at the same time. By May 2016, placements remained at a high of 16.

FY 2015-16 IMD Placements and Movement through May 31, 2016

Facility	Unduplicated Admissions*	Unduplicated Clients Moved to Lower Levels of Care	Unduplicated Clients Moved Elsewhere**	Unduplicated Clients Residing in Facility
7th Ave	7	2	0	5
Crestwood	3	1	1	1
Golden Living	3	0	1	2
Merced Behavioral	9	1	0	8
Sierra Vista	0	0	0	0
	22	4	2	16

* Client stays in each facility may not be one full year.

** Client may have been moved to a nursing home, hospice, different IMD, higher level of care, etc.

The Behavioral Health Department accepts responsibility for managing placements in the most cost effective manner, while providing the most appropriate treatment option for the individual client. In spite of efforts to find viable alternatives to IMD placements, there will continue to be a core group of individuals with severe mental illness who are in need of IMD services. Appropriate placements help Behavioral Health reach its mission to serve clients in the least restrictive setting possible and to advance the goal of assisting individuals with severe mental illness to be as functional and productive as possible in the least costly environments. Providing the most appropriate services to these clients increases their probability of positive treatment outcomes. Furthermore, positive treatment outcomes contribute to the wider County vision

of a healthy and safe community.

ATTACHMENTS

1. 7th Ave Contract Renewal FY 2016-17
2. Crestwood Contract Renewal FY 2016-17
3. Merced Behavioral Contract Renewal FY 2016-17
4. Sierra Vista Contract Renewal FY 2016-17
5. Golden Living Contract Renewal FY 2016-17